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TO SECSTATE WASHDC PRIORITY 0072
BT
UNCLAS CAIRO 13223

AIDAC

E.O. 12356:N/A
SUBJECT: SUEZ PORT PROJECT
- AID LOAN 263-K-049
- IFB 84-02 - CONGRESSIONAL INQUIRY

REF: STATE 124454

1. THE LOCAL OFFICE OF PSEG AND THE RED SEA PORTS AUTHORITY (RSPA) ARE STILL EVALUATING THE BIDS. UPON RECEIPT OF THE EVALUATION REPORT FROM THE RSPA, USAID WILL MAKE A THOROUGH ANALYSIS OF THE EVALUATION. ONLY THEN WILL USAID APPROVAL OF A CONTRACT AWARD BE GIVEN, IF APPROPRIATE. A CONTRACT AWARD HAS NOT (REPEAT, NOT) BEEN MADE.

2. RSPA AND PSEG HAVE BEEN REMINDED THAT AID PROCUREMENT REGULATIONS DO NOT PERMIT NEGOTIATIONS AFTER OPENING OF THE BIDS. USAID IS NOT AWARE OF ANY PROBLEM IN THIS REGARD, BUT WILL MONITOR THE SITUATION CLOSELY.

3. IF A CONTRACT AWARD IS FINANCED BY AID AS A RESULT OF IFB 84-02, YOU CAN ASSURE SENATOR METZBAUM'S OFFICE IT WILL BE THE LOWEST RESPONSIVE BIDDER.

4. FYI. USAID HAS RECEIVED A TELEX FROM JACK DAVIS OF FEDERAL EQUIPMENT CO., THE CONCERN REGISTERED IS TWO-FOLD: (A) IS THE TECHNICAL SUFFICIENCY OF THE EQUIPMENT PROPOSED FOR SUPPLY BY FEDERAL EQUIPMENT BEING QUESTIONED AFTER PSEG'S OFFICE IN HOUSTON ALLEGEDLY APPROVED IT AND (B) ARE AFTER BID OPENING NEGOTIATIONS BEING CARRIED ON WITH THE SECOND LOW BIDDER. USAID DOES NOT PLAN TO RESPOND DIRECTLY TO JACK DAVIS. WE REQUEST THAT AID/W ASK SENATOR METZENBAUM'S STAFFER TO INDICATE TO DAVIS THAT HIS TELEX WAS RECEIVED AND THAT USAID WILL RESPOND AFTER RECEIVING THE BID AWARD RECOMMENDATION. WE CAN DEAL DIRECTLY WITH FECO OR IF CONGRESSIONAL INQUIRY REMAINS ACTIVE, CAN ROUTE REPLY THROUGH AID/W AND THE HILL, WHICHEVER YOU ADVISE. VELIOTES
END OF MESSAGE

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